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INFORM CONSULS

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: SENATE FINANCE COMMITTEE CONCLUDES PUBLIC
HEARINGS ON TRADE BILL

REF: STATE 069884

1. SUMMARY: SENATE FINANCE COMMITTEE PUBLIC HEARINGS ON
THE TRADE BILL ENDED ON APRIL 10 AS SCHEDULED. TIMING OF
THE COMMITTEE'S CLOSED MARK-UP SESSIONS IS UNCERTAIN,
DEPENDING PARTLY ON OTHER CONSIDERATIONS BEFORE THE
COMMITTEE. MOST OF THE POSITIONS STATED BY WITNESSES
WERE PREDICTABLE. BUSINESS AND TRADING INTERESTS
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GENERALLY SUPPORTED THE BILL WHILE LABOR WAS OPPOSED TO

IT. AGRICULTURAL, ACADEMIC, AND CONSUMER INTERESTS EXPRESSED SUPPORT FOR THE BILL. A MAJOR ISSUE DURING THE HEARINGS WAS THE JACKSON-VANIK AMENDMENT TO TITLE IV WHICH BUSINESS GROUPS OPPOSED AND LABOR AND HUMAN RIGHTS ORGANIZATIONS SUPPORTED. MOST COMMITTEE MEMBERS CONTINUED PUBLIC SUPPORT OF THE AMENDMENT BUT INDICATED THEY WOULD WELCOME A COMPROMISE. THE SHORT SUPPLY AND RAW MATERIALS ACCESS QUESTIONS ALSO EMERGED AS MAJOR CONCERNS OF COMMITTEE MEMBERS. (END OF SUMMARY)

2. SENATE FINANCE COMMITTEE CONCLUDED ITS PUBLIC HEARINGS ON THE TRADE BILL ON APRIL 10 AS SCHEDULED. THERE WERE VERY FEW SURPRISES DURING THE HEARINGS AND THEY APPEARED TO GENERATE LITTLE EXCITEMENT AMONG THE PUBLIC OR COMMITTEE MEMBERS. ATTENDANCE BY COMMITTEE MEMBERS WAS SPOTTY THROUGHOUT WITH ONLY ONE OR TWO SENATORS NORMALLY PRESENT AT ANY SESSION.

3. TIMING: TIMING OF THE REMAINDER OF THE BILL'S JOURNEY IS UNCERTAIN SINCE A FIRM DATE HAS NOT BEEN SET FOR THE COMMITTEE'S CLOSED, MARK-UP SESSIONS. MUCH DEPENDS ON THE TIMING OF OTHER CONSIDERATIONS, SUCH AS THE ENERGY TAX BILL NOW BEFORE THE HOUSE.

4. OVERVIEW OF TESTIMONY: BUSINESS GROUPS AND TRADING INTERESTS GENERALLY FAVORED THE BILL. THE SPLIT BETWEEN IMPORT-COMPETING INTERESTS AND EXPORTERS, IMPORTERS, AND MULTINATIONAL CORPORATIONS WAS REINFORCED THROUGHOUT THE HEARINGS. TRADING INTERESTS GENERALLY FAVORED GREATER LIBERALIZATION WHILE IMPORT-COMPETING INTERESTS GENERALLY FAVORED LESS PRESIDENTIAL NEGOTIATING AUTHORITY, A SECTORAL APPROACH IN MULTILATERAL TRADE NEGOTIATIONS (MTN), AND STRONGER IMPORT RELIEF PROVISIONS.

5. LABOR REPRESENTATIVES HAVE ALL OPPOSED THE BILL. AFL-CIO AND AFFILIATES CONSISTENTLY ATTACKED THE BILL AS UNRESPONSIVE TO MAJOR PROBLEMS OF UNEMPLOYMENT AND SHORTAGES NOW FACING US. ALL OF THE UNIONS CALLED FOR SUBSTANTIALLY LIBERALIZED ADJUSTMENT ASSISTANCE.

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6. AGRICULTURAL INTERESTS FAVORED THE BILL AND OPPOSED A SECTORAL APPROACH IN THE MTN. ACADEMICS AND CONSUMER GROUPS TESTIFIED IN FAVOR OF LIBERAL TRADE POLICIES, EXPRESSING SOME CONCERN OVER RESTRICTIVE PROVISIONS THAT ARE IN THE BILL. THERE WAS VERY LITTLE ATTENTION PAID TO THE PROVISIONS FOR GENERALIZED SYSTEM OF PREFERENCES (GSP) FOR LESS DEVELOPED COUNTRIES, ALTHOUGH THE SHOE AND DINNERWARE INDUSTRY SPOKESMEN ASKED THAT THEIR PRODUCTS

BE EXCLUDED FROM ANY GSP. SOME AGRICULTURAL INTERESTS
OPPOSED GSP AS BEING CONTRARY TO MFN PRINCIPLES.

7. MAJOR ISSUES: THERE WAS A GOOD DEAL OF SUPPORT
EXPRESSED FOR THE MONDALE-RIBICOFF AMENDMENTS ON SHORT
SUPPLY AND RAW MATERIAL ACCESS. THE ADMINISTRATION'S
TESTIMONY INDICATED A WILLINGNESS TO DISCUSS AND WORK
WITH THE COMMITTEE ON THESE PROPOSALS AND PROPOSED
ILLUSTRATIVE AMENDMENTS ON THE SUPPLY ACCESS ISSUE.

8. TESTIMONY ON THE JACKSON-VANIK AMENDMENT TO TITLE IV
LINKING THE EXTENSION OF MFN STATUS TO COMMUNIST COUNTRIES
TO THEIR EMIGRATION POLICIES WAS MIXED AND PREDICTABLE.
THE AFL-CIO UNRESERVEDLY SUPPORTED THE AMENDMENT.
HUMAN RIGHTS GROUPS CONCERNED WITH THE PLIGHT OF SOVIET
JEWRY SUPPORTED THE AMENDMENT, PRAISING THE "COURAGE" OF
CONGRESS FOR DEMANDING SOVIET CONCESSIONS IN HUMAN RIGHTS
IN RETURN FOR TRADE. BUSINESS INTERESTS GENERALLY OPPOSED
THE AMENDMENT, ARGUING IT IS NOT GERMANE TO THE TRA.

9. MANY COMMITTEE MEMBERS HAVE RE-AFFIRMED THEIR SUPPORT
OF THE AMENDMENT DURING COURSE OF HEARINGS BUT A FEW HAVE
REVERSED THEIR POSITIONS AND CALLED FOR COMPROMISE ON
THE ISSUE. A COMMITTEE STAFFER SAID PRIVATELY THAT,
WITH THE EXCEPTION OF A FEW HARD-LINERS, MOST OF THE
MEMBERS WOULD WELCOME A COMPROMISE EVEN THOUGH PUBLICLY
THEY WILL CONTINUE TO EXPRESS SUPPORT FOR THE AMENDMENT.

10. OTHER ISSUES WHICH WERE PURSUED BY THE COMMITTEE WERE
THE DISCRETIONARY AUTHORITY PROVIDED THE PRESIDENT IN
COUNTERVAILING DUTY CASES DURING THE MTN, THE POSSIBILITY
OF AN AUTOMATIC MECHANISM TO TRIGGER IMPORT RELIEF,
VARIOUS IMPORT QUOTA PROPOSALS, IMPROVED ADJUSTMENT
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ASSISTANCE, A SECTORAL APPROACH IN THE MTN, THE DEGREE OF
TARIFF CUTTING AUTHORITY, AND THE ISSUE OF PRESIDENTIAL
DISCRETION IN GRANTING IMPORT RELIEF. THERE WAS LITTLE
COMMENT MADE BY COMMITTEE MEMBERS ABOUT THE GENERAL TARIFF
NEGOTIATING AUTHORITY OR THE GSP PROVISIONS. KISSINGER

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